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CORPORATE SOCIAL INVESTMENT THROUGH INTEGRATED REPORTING: CRITICAL ISSUES

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ABSTRACT

There is growing evidence that organisations around the world are making considerable effort to create a positive impact on the societies in which they operate. There is also some evidence to suggest that by doing so, financial and non-financial benefits can accrue to these organisations as well as to the societies in which they exist. At the same time, the application of existing accounting rules does not naturally lend itself to communication of the broader benefits of such activities. Instead, these activities are portrayed as a net cost to the organisation. One recent reporting initiative is gathering momentum internationally and which has potential better articulate the broader dimensions of company performance is Integrated Reporting (IR). IR reports on the company's consumption of six key sets of resources or 'capitals' (financial, manufactured, natural, social, intellectual, and human) and in doing so, it extends the focus of company reporting beyond bottom line profit and the creation of shareholder wealth. This paper explores the potential for IR to better communicate the value created through social investment activities of organisations. We use case studies of four organisations, Heineken, Unilever, Glaxo Smith Kline, and National Australia Bank to explore the potential for IR of social investment and to identify the complex issues involved in using integrated reporting methods. Overall, the paper enhances our understanding of the potential for integrated reporting approaches to assist in promoting and developing corporate social investment activities.

Keywords: integrated reporting, corporate social investment
Classification: Conceptual + Case Study